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Chairman: Mr. Odyek-Agona (Vice-Chairman) ..... (Uganda)
later: Mr. Özügergin (Vice-Chairman) ..... (Turkey)

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In the absence of Mr. Asadi (Islamic Republic of Iran), Mr. Odyek-Agona (Uganda), Vice-Chairman, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 91: Macroeconomic policy questions (*continued*) (A/53/60, A/53/62, A/53/69, A/53/185, A/53/416, A/53/447 and Corr.1; A/C.2/53/4)

(a) Trade and development (*continued*) (A/53/15 (parts I, II and III), A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/331, A/53/510)

1. **Mr. Ismail** (Kenya) said that there had been no significant improvement in the terms of trade of developing countries, and their share of world trade had been declining. Although globalization and liberalization of the world economy had increased the opportunities for growth and development, developing countries, especially least developed countries, faced the risk of further marginalization. Moreover, the economies of those countries suffered, *inter alia*, from supply side constraints, structural weaknesses, weak technological capacity, and the lack of long-term finance. Their heavy dependence on commodities represented a major constraint on the ability of many developing countries to take advantage of the trading opportunities resulting from globalization and liberalization. The persistence of exchange-rate, interest-rate as well as commodity-market instability continued to adversely affect developing countries. In that connection, the international financial institutions, particularly the International Monetary Fund (IMF), should oversee the coordination of global macroeconomic policies and financial markets in order to minimize exchange-rate and other kinds of instability, while at the same time promoting growth and employment generation. There was also a need for coordination in global economic policy with the full participation of developing countries.

2. His delegation was seriously concerned about the decline in the ratio of official development assistance (ODA) to gross national product (GNP) of donor countries and the significant decline in real terms of world ODA flows. Members of the international donor community should therefore honour their commitment and meet the internationally agreed target of 0.7 per cent of their GNP for ODA. While Kenya welcomed the measures taken to deal with the debt problem, it believed that the international community should take measures to find durable solutions to the external debt problem of developing countries and promote investment and trade flows to those countries.

3. There was a wide scope for cooperation and harmonization of the work of the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the International Trade Centre and international financial institutions. UNCTAD should continue to focus on the integrated and analytical treatment of policy issues related to development in the areas of finance, trade, technology and investment as well as technical cooperation. The expected gains of trade liberalization could not be disassociated from the costs of adjusting to new patterns of production. Therefore, the various special measures designed to mitigate the adverse effects of adjustment on the least developed countries should be fully implemented.

4. Since economic progress could not be achieved by domestic efforts alone, substantial external assistance would be necessary. The international donor community should support the efforts of developing countries by providing a package of financial, technological, managerial and investable resources, supported by a high degree of international cooperation involving both the private and public sectors.

5. **Mr. Sin Song Chol** (Democratic People's Republic of Korea) said that given the increasing marginalization of a number of developing countries, it was important to address trade and development issues in a fair and timely manner. Accordingly, the developed countries should pay special attention and respond positively to the final documents adopted at the summit of the Movement of Non-Aligned Countries and at the ninth session of UNCTAD.

6. The necessary conditions and environment should be created to enable developing countries to benefit from the global trading system. Efforts should be made to strengthen the Generalized System of Preferences and to provide developing countries with market access opportunities through expanded preferential treatment. Developed countries should cooperate with developing countries to help them overcome the difficulties they were facing and should provide them with technical assistance, as they had promised. There was also a need for measures to strengthen the roles of developing countries in the international economic and trading system and to ensure their full participation in the decision-making process of the multilateral financial, economic and trade institutions. In addition, the development-related organizations of the United Nations, in particular UNCTAD, should focus their activities on accelerating the trade and development of the developing countries in a more efficient and effective manner by enhancing their functions and role.

7. In recent years, unilateral and extraterritorial coercive measures by certain developed countries against developing nations, had had serious adverse repercussions on the target countries as well as on third parties. The imposition of such sanctions had long been one of the main concerns of the international community. The recent Conference of Heads of State or Government of the Movement of Non-Aligned Countries in Durban, South Africa, had reiterated that concern. In that connection, he drew attention to a communiqué (document A/53/185) issued by the Permanent Mission of the Democratic People's Republic of Korea.

8. **Mr. Öztürk** (Turkey) welcomed the UNCTAD report on the transit environment in the landlocked States in Central Asia and their transit neighbours (A/53/331) and drew attention to document A/C.2/53/4 containing the text of the Baku Declaration adopted at the International Conference on Restoration of the Historic Silk Route.

9. Improving the efficiency of transit routes and developing alternative pipeline systems would greatly contribute to trade expansion for the Central Asian countries. In that regard, his delegation supported the European Union's contribution to the implementation of the Europe-Caucasus-Asia transport corridor (TRASECA) programme and welcomed the conclusion of the Basic Multilateral Agreement, which provided a legal and regulatory framework in the transport domain. The establishment of the Intergovernmental Commission and its Permanent Secretariat in Baku would contribute to developing further the coordination of the policies of the countries involved. Turkey had already taken steps to construct a new Eastern Black Sea highway which would upgrade the link between TRASECA and the Pan-European transport network. Regarding the transportation of oil and natural gas pipelines, Turkey had presented the Caspian-Mediterranean pipeline project as an efficient and environmentally safe method of exporting oil and natural gas from the Caspian Basin to international markets. That project, also known as Baku-Ceyhan, could ensure energy security in the entire region. While Turkey did not oppose the development of other routes from the Black Sea coast, there were inherent risks in transporting oil through the Turkish Straits.

10. Turkey was of the opinion that addressing the issue of the transit environment of Central Asia and the Caucasus, which was intricately linked to Central Asia, presented immense opportunities for subregional, regional and international cooperation and firmly believed that the effects of such positive contribution would be felt in the enhancement of international peace and security and the growth of confidence and stability.

11. **Mr. Volski** (Georgia) said that the Baku Conference had created the legal basis for the development of transit systems in the Europe-Caucasus-Asia transport corridor. The Baku Declaration had made known to the world that the historic silk route was no longer a concept but a working mechanism. It was not just the countries of the region concerned that realized the magnitude of contributions that the speedy development of economic projects could make to strengthening international cooperation and peace. Attention must be paid to the question regarding the safeguarding of the transit system and existing agreements concerning such safeguards. The arguments put forward by the interested parties should be carefully analysed. It was inadmissible to create controversy among interested countries and to raise that dispute on an international level. The participation of relevant United Nations bodies could do much to ensure the compatibility of legal instruments and technical standards along the transport corridor. It was to be hoped that the next report of UNCTAD would be more comprehensive and that progress in the development of the oil pipeline system would be given adequate attention.

12. **Mr. Noureddin** (Singapore) said that the temptation to move away from openness was real and could jeopardize implementation of the Uruguay Round commitments. Developing countries needed to enhance market access in areas of their export interest, especially where tariffs in developed markets remained high, such as in processed goods, tropical products and textiles. Thus, the second WTO Ministerial Conference had agreed on a balanced and forward-looking future work programme for WTO which would address the problems of implementation as well as provide scope for further broad-based trade liberalization. It was important to adhere to all elements of the work programme, and to develop a positive agenda that would address the interests of developing countries in future trade negotiations. If the global framework were damaged, regional efforts at trade liberalization would also falter.

13. It was necessary to guard against growing protectionist pressures that threatened to impede the momentum of trade liberalization. While developing and developed countries were increasingly concerned about the financial crisis, the question was what impact the financial crisis was having on the trade liberalization and investment flows among affected countries. Any widespread retreat from free markets would damage long-term growth prospects for everybody. Closing off export markets would choke off the recovery of the affected countries. Developed countries should therefore keep their markets open to exports from the developing world.

14. Steps must be taken to build for the twenty-first century a global system that was socially responsible while expanding opportunities. People would not assume the risks of a free international market unless they were confident that such a system would benefit them and raise their standards of living. That would require Governments to put in place the necessary domestic regulatory framework and infrastructure to maximize the benefits from trade liberalization. The particular needs of developing countries in such capacity-building must be addressed. Enhanced globalization should enhance, not undercut, the human condition.

15. **Mr. Azaiez** (Tunisia) said that, while globalization was a powerful lever for economic growth, it had also been a major cause of financial instability. Developing countries had been particularly vulnerable to financial fluctuations. Accordingly, efforts should be made to strengthen the participation of such countries in economic decision-making. In that connection, the international community and United Nations bodies could cooperate with the Bretton Woods institutions to promote the establishment of mechanisms that could shield developing countries, especially the least developed ones, from cyclical fluctuations. Multilateral mechanisms could be identified to control international capital flows and monetary fluctuations. Such mechanisms could fit into the new architecture of IMF that the rich countries planned to establish. Highlighting a number of measures taken by his Government in the monetary and financial fields within the framework of globalization, he said that the programme for the modernization of the country's banking system had focused on the restructuring of that system, modernizing means of payment and designing an appropriate legal framework for the introduction of new funding instruments.

16. With respect to UNCTAD, it should strengthen its technical assistance to developing countries to enable those countries to enhance their bargaining position and benefit from the opening up of service markets. Tunisia accorded considerable importance to institutional cooperation between UNCTAD and WTO and believed that they should stress the need to balance the interests of developing countries with those of developed countries.

17. **Mr. Reva** (Ukraine) said that in view of the negative impact of the global financial crisis and the fact that the rate of economic growth and international trade would be much lower than expected, Governments, international organizations and financial institutions must undertake adequate measures nationally and globally to stimulate international trade and direct foreign investment. It was particularly important to maintain transparency and equal access to markets. Pursuing a policy of protectionism would inevitably have a pernicious influence on many countries.

18. Since the second WTO Ministerial Conference, multilateral negotiations had been successfully completed on basic telecommunication and financial services, and Ukraine was looking forward to a new round of negotiations on investment rules, trade services, agricultural production, intellectual property and the reduction of tariff rates. To achieve genuine universality for the multilateral trade system, it was imperative to speed up accession to WTO by a number of countries, including Ukraine. In order to facilitate such negotiations, UNCTAD must play a key role in assisting developing countries and countries with economies in transition in liberalizing services and agricultural production, and other sectors. UNCTAD could also achieve more tangible results in providing technical assistance in trade services and training national staff in foreign trade and related areas.

19. In the past four years, Ukraine's foreign trade turnover had been growing steadily, but its progress towards economic openness and integration into the world economy continued to be hampered by external factors, such as anti-dumping measures which prohibited its export of rolled metal. Such problems would not be so acute if Ukraine were a member of WTO.

20. UNCTAD acquired special importance in view of the global financial crisis, and the reformed UNCTAD was the most relevant forum in the United Nations system for considering complex problems of trade, as well as problems relating to investments, technologies, services and the development of business undertakings.

21. **Mr. Kouliev** (Azerbaijan) said that one of the main reasons for the worsening economic situation of his country and of the other newly independent States of Central Asia and the Caucasus, was the disintegration of the horizontal and vertical commercial and production relations and the destruction or lack of transport and communications systems. A reliable transport system was essential to a country's development; it was especially important for landlocked countries. The trans-Caspian route linking the Central Asian region with Europe by rail and road was extremely important for developing the energy resources of the Caspian and transporting them to world markets.

22. The Europe-Caucasus-Asia transport corridor (TRASECA) was a programme of great importance for the States of Central Asia and the Caucasus. Its implementation would make it possible to ensure access to trans-European and trans-Asian transport networks, improving market access

and enhancing the integration of European and Asian countries.

23. In that connection he drew attention to the recent International Conference on Restoration of the Historic Silk Route which had resulted in the signing of the Basic Multilateral Agreement on International Transport for Development of the Europe-Caucasus-Asia Corridor and the Baku Declaration.

24. **Mr. Rahmanov** (Turkmenistan) said that the report prepared by UNCTAD (A/53/331) reflected the emerging trade and transit patterns, the economic recovery of the Central Asian region and the measures already under way to improve the efficiency of transit transport. Turkmenistan, as a newly independent developing country like many in its region, had opened up great economic potential due to its enormous natural wealth. As the report stated, serious commercial exploitation of Central Asia's oil and gas reserves would only begin with the construction of new pipelines.

25. The exploitation and export of its energy resources through a pipeline system was not only in the interest of Turkmenistan. It would also accelerate the economic development of the countries of transit and the consumers. Projects to build new interstate pipelines would provide opportunities for Governments to strengthen mutual cooperation, as well as for the private sector, which supported their implementation.

26. Finally, he said that his delegation supported the draft resolution entitled "Transit environment in the landlocked States in Central Asia and their transit developing neighbours", sponsored by the delegation of Kazakhstan.

27. **Mr. Lacanlale** (United Nations Industrial Development Organization) said that in September 1998 UNIDO had organized a symposium in Abidjan, to assess the implications of the Asian financial crisis on Africa's trade and industry. The conclusion of the symposium had been that Africa would be affected more indirectly than directly. It was expected to suffer from reduced demand for its products in Asia, domestic competition from low-priced Asian imports, and increased competition in the world market. The slow-down in the world economy and the significant drop in the prices of non-fuel commodities were expected to reduce Africa's economic growth in the current year by 1 per cent. Moreover because of the need to support the Asian economies ODA and net capital flows to Africa were expected to drop. The symposium had stressed the need for African countries to, *inter alia*, move forward with their economic reform programmes and place greater emphasis on domestic resource mobilization, proper management of financial liberalization and prudent regulation of financial and stock markets.

28. UNIDO considered that it was equally important for African countries, and especially the least developed countries, to intensify their efforts to modernize and diversify their economies. UNIDO regarded its own role as being to help them to build and strengthen productive capacities and export-competitiveness, and more specifically to build a strong industrial base, develop human and technological capacities and promote foreign direct investment. The main focus of its new strategic partnership with UNCTAD was the promotion of investments, technology transfer and enterprise development to build the export capacity of the developing countries in the manufacturing sector. The UNIDO packages of integrated services aimed at enhancing those countries' export-competitiveness included improved industrial governance, industrial export capacity-building, industrial information networking, international industrial partnership and quality and certification for industrial competitiveness.

29. The Asian financial crisis was a wake-up call to the international community. International cooperation was indispensable in containing its contagious effects, but so was a resilient national economy built upon a strong industrial base; UNIDO's mission was to help build and fortify that industrial base for the benefit of all.

30. **Mr. Ileka** (Democratic Republic of the Congo) said that his country and its subregion were facing very grave economic and social problems resulting from wars and other catastrophes. Despite having made enormous efforts to implement sound macroeconomic policies, his country faced the prospect of remaining outside the globalization process for it had little to offer, having been ruined by three decades of mismanagement and was suffering the destructive consequences of an armed conflict it had not caused.

31. In 1997, his Government had drawn up a three-year plan setting out its economic priorities and measures to achieve them. Its intention was to create an open system which was flexible and combined market mechanisms with social security and justice. The State would intervene only if there was no viable private alternative, and its intervention would in no way interfere with the mechanism of the market. The Government's efforts required public and private financial input, particularly in respect of assistance in macroeconomic stabilization in order to stimulate the private sector, attract private investment and finance development.

32. The main cause of the many conflicts besetting Africa was poverty. Regional economic integration could begin to solve the problem, and his country had recently joined the

Southern African Development Community (SADC). Although it was placing particular emphasis on the South-South aspect of its cooperation, his Government would spare no effort to improve its relations bilaterally and multilaterally with all its partners. The Heavily Indebted Poor Countries Debt Initiative was of particular importance, pending a lasting solution to the debt problem.

33. **Mr. Lai Xuan Chieu** (Viet Nam) said that while the past 50 years had seen an impressive expansion of international trade and investment flows much remained to be done to ensure that the global trading regime was truly an open, rule-based, transparent and predictable multilateral regime benefiting both developed and developing countries alike. It was still difficult for commodities from developing countries to gain access to the markets of developed countries. The Generalized System of Preferences was being narrowed; tariff, quota anti-dumping and export restraint issues persisted as did trade barriers disguised *inter alia* as quality criteria, and environmental requirements. The negotiated results of the Uruguay Round in a number of crucial export areas, such as textiles and agriculture, needed to be implemented more effectively.

34. International cooperation mechanisms and international economic systems should commit themselves to the creation of a sound and fair economic and financial environment for all participating countries. Negotiations and discussions in such multilateral trading forums as WTO needed to take account of the situation of developing countries and to refrain from creating invisible trade barriers to their commodities by seeking to introduce extraneous issues into the WTO agenda. Developed countries should fulfil their commitments. International cooperation and assistance should be accelerated, as should including trade-related technical assistance and human and institutional capacity-building.

35. Viet Nam hoped that it would be admitted soon to WTO.

36. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, noted that the heads of State and Government of the Rio Group, meeting in September 1998, had stated that the current globalization process had opened up fresh opportunities and created new challenges for the growth and social well-being of their countries. Above and beyond financial assistance, developing countries needed the firm application of norms and procedures to guarantee a transparent, just, fair and regulated multilateral trading system under the aegis of WTO.

37. Liberalization of international trade was a priority objective of the Rio Group, which also favoured the lifting of non-tariff barriers and the elimination of discriminatory and protectionist practices. As far as the Rio Group was concerned, WTO had a fundamental role to play in countering recent protectionist trends, especially with regard to agricultural subsidies and the use of compensatory rights to protect obsolete industries, and attempts to impose obstacles to the products of developing countries under the pretext of ensuring better environmental protection or labour rights; it also had a leading role to play in counteracting anti-dumping measures.

38. Members of the Rio Group urged the other members of WTO to honour their commitments; they, in turn, were open to discussing new items in WTO.

39. Cooperation in the areas of trade, investment and finance between the United Nations, UNCTAD, WTO, IMF and the World Bank was particularly crucial in view of the significance of monetary, foreign exchange and finance policies to the economic development of countries and, thus, of trade. The Rio Group welcomed the role of UNCTAD as focal point for the coordination of trade and development issues and urged UNCTAD to continue facilitating the integration of developing countries in the multilateral trading system and to carry out technical cooperation activities in order to enable the developing countries to benefit from the new opportunities afforded by the implementation of the Uruguay Round. There was a consensus within the Rio Group that the establishment of an open, secure, efficient and transparent trading system must be bolstered by the strengthening of international cooperation in order to ensure the transfer of necessary financial, technological and scientific resources from the developed to the developing countries. The adoption of resolutions on the item by consensus testified to the existence of the necessary political will to establish a multilateral trading system that was beneficial to all members of the international community. In that context, the Rio Group welcomed, in particular, the adoption by the Economic and Social Council, for the first time in its history, of a ministerial communiqué on market access and the developments since the Uruguay Round.

40. **Mr. Zarie Zare** (Islamic Republic of Iran) said that although the financial crisis in South-East Asia had had a global impact, the developing countries had been hardest hit: the price of commodities had either fallen or remained depressed and crude oil had suffered the sharpest decline ever. The establishment of an equitable, secure, rule-based, non-discriminatory and predictable multilateral trading system must be an integral part of any solution to the crisis. Under the current system, both tariff barriers, including high variance with tariff peaks and escalation, and non-tariff barriers, such as national or international product standards,

were severely hampering the exports of developing countries, particularly agricultural products, primary commodities and textiles. Ways must be found to remove those barriers. The elimination of unilateral and extraterritorial economic measures which targeted certain developing countries and easier access to WTO by developing countries were particularly vital to ensuring the universality of the multilateral trading system.

41. Alternative transit routes were crucial to the expansion of trade in landlocked Central Asia, which had enormous trade and investment potential. To that end, both physical infrastructure bottlenecks and non-physical barriers must be overcome. In particular, it was necessary to harmonize and simplify a broad range of institutional, procedural and documentary requirements. Recent initiatives by the Economic Cooperation Organization to facilitate transit among its member States represented positive steps in that direction. Through the expansion of road, railway, air and sea links with Central Asia, his country had helped afford those States cost-effective access to the major seaports of the Persian Gulf and, in addition, created a new trade route linking Europe to East and South-East Asia. That initiative had included the completion of the rail link between the Islamic Republic of Iran and Turkmenistan in 1996, heralded as the rebirth of the old silk road; the proposed construction of the Bafgh-Mashad railway in his country, which would reduce the distance from Turkmenistan to the Bandar-e-Abbās seaport on the Persian Gulf by 1,600 kilometres; and the completion of a railway from Kermān to Zāhedān that would link Central Asia to Pakistan. The Central Asian States were also seeking alternative pipeline routes to increase their oil and gas exports. Regrettably, such pipeline routes had been halted by outside pressures, forcing those States to use expensive substitute routes, which was detrimental to the environment and, ultimately, would stifle trade and investment in the region.

42. **Mr. Aujali** (Libyan Arab Jamahiriya) said that while the 1950s and 1960s had witnessed the liberation of many developing countries from foreign occupation, the economic subjugation of those countries had continued. Development required growth and changes in the economic, social and political infrastructure of the State. Sustainable development must deal with environmental and population issues. If such development were to be expedited, sustained economic growth must be supported by assistance from developed countries. However, since the 1980s, such assistance had been dependent on conditions laid down by the developed countries, which believed that world trade and a free economy were the two main factors in development. The economic relationship between developed and developing countries had been described as lacking in balance. The latter exported raw materials and imported manufactured goods, a situation that was detrimental to the development of industry in those countries. If developing countries were to continue to be merely exporters of raw materials, they would be permanently dependent on assistance from developed countries. Traditional trading patterns had led to prosperity for a certain social class in certain States, but such prosperity was not sustainable in the long term. It was for that reason that developing countries had called for a change in the world trading system.

43. The economic crisis in South-East Asia had affected many other countries, including petroleum-exporting countries; the current price of oil was so low that in many countries it was not economically viable to produce it. As a consequence, the assistance petroleum-exporting countries were able to offer to developing countries was also negatively affected.

44. One of the greatest obstacles to trade was the imposition of unilateral coercive economic sanctions and the enactment of extraterritorial laws. The General Assembly had adopted numerous resolutions, the most recent being resolution 53/10 of 26 October 1998, urging all States not to recognize or apply extraterritorial coercive economic measures or legislative enactments unilaterally imposed by any State and calling for the immediate repeal of any such measures that had been imposed on developing countries. The imposition of such acts as the D'Amato-Kennedy bill and the Helms-Burton Act did not merely contravene international laws and conventions, but conflicted with the values of civilized society.

45. **Mr. Cabactulan** (Philippines) stressed the importance of an open and rule-based multilateral trading system and of the implementation in practice of the principle of special and preferential treatment for the developing countries. To that end, the outcome of the Uruguay Round must be fully implemented, particularly measures to benefit developing countries. In addition, the WTO agricultural negotiations, scheduled to begin in late 1999, must accord priority to issues of special interest to developing countries that had not been adequately dealt with in the Uruguay Round. Referring to the communiqué of the Cairns Group ministers, he said that his delegation fully agreed that the necessary preparations must go forward in order to ensure that the WTO agricultural negotiations began on time and were completed at the earliest possible date. Such negotiations must consider ways and means of giving full meaning to the principle of special and preferential treatment for the developing countries, including substantial reductions in export subsidies and in trade-distorting policies on the part

of the developed countries. Beyond the removal of non-tariff barriers, the developed countries must take the lead and support the development efforts of developing countries according to specific timetables. In conclusion, his delegation agreed with the Group of 77 and China on the need to extend technical support to the developing countries in the conduct of the WTO negotiations and urged the appropriate agencies, including UNCTAD, to do so.

46. **Mr. Diseko** (South Africa) welcomed the statement delivered by the representative of Australia on behalf of the Cairns Group. Referring to the continuing economic marginalization of the developing countries, he questioned the basis of the rules elaborated by the Uruguay Round, which seemed overly biased in favour of the developed countries. His delegation believed that the implementation of the WTO built-in agenda and of agreements on preferential treatment for developing countries were as vital to the multilateral trading system as the establishment of the work programme of the third Ministerial Conference of the World Trade Organization and the agenda for the next round of multilateral trade negotiations. A credible multilateral trading system must ensure a balance between the interests of the developed and developing countries, particularly with regard to the dispute settlement mechanism.

47. He expressed appreciation for the report of the Trade and Development Board and stressed the need for wider dissemination and further analysis of its proposals, particularly those relating to the causes, prevention and management of financial crises. Both national and international action would be vital to that end. He called for the reform of the international financial architecture, including the establishment of a multilateral and domestic surveillance system.

48. Referring to the Declaration of the Ministers of the Least Developed Countries adopted at the beginning of the current session of the General Assembly, he stressed the need for the full integration of the least developed countries in the world trading system through, *inter alia*, their timely accession to WTO. His delegation also endorsed the call by the Trade and Development Board for the full implementation of the WTO Plan of Action for the Least Developed Countries, adopted by the first Ministerial Conference of WTO, including the implementation of the outcome of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development.

49. Stressing the need for a supportive external environment, he echoed the appeal by the Trade and Development Board for the restoration of official development assistance to levels consistent with agreed United Nations targets. Development partners must also work jointly to increase foreign direct investment in the least developed countries. He noted with deep concern that Africa's external debt, as a percentage of its exports and gross domestic product, was the highest of any developing region and that the bulk of that debt was owed to official creditors. Of even greater concern was the fact that arrears were significantly driving up the total debt amount. His delegation therefore endorsed the Secretary-General's call for the conversion of all remaining bilateral debt into grants and for overall debt forgiveness. It agreed with the Trade and Development Board on the need to address the shortcomings of the Highly Indebted Poor Countries Debt Initiative. It also agreed that a comprehensive assessment of Africa's debt should be conducted by an impartial and independent body. In conclusion, South Africa, in its capacity as President of the ninth session of UNCTAD, expressed appreciation to Thailand for offering to host the Conference's tenth session.

50. *Mr. Özügergin (Turkey), Vice-Chairman, took the Chair.*

Agenda item 93: Sustainable development and international economic cooperation (*continued*)
(A/53/296, A/53/374, A/53/60, A/53/62, A/53/63–S/1998/100, A/53/69, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/96, A/53/124, A/53/155, A/53/168, A/53/204, A/53/371–S/1998/848, A/53/396, A/53/411, A/53/412, A/53/416, A/53/447 and Corr.1, A/53/453, A/53/493, A/53/506; A/C.2/53/4)

(e) Implementation of the Programme of Action for the Least Developed Countries for the 1990s (A/53/553 and A/C.2/53/3)

51. **Mr. Wahono** (Indonesia), speaking on behalf of the Group of 77 and China, noted the importance of the agreed conclusions of the Trade and Development Board. He called for an immediate solution to the disadvantageous situation of the least developed countries in the multilateral trading system, saying that all exports from least developed countries should be accorded duty-free treatment, as recommended in the ministerial communiqué of the high-level segment of the Economic and Social Council in 1998. Such measures should be supplemented by capacity-building and diversification in the least developed countries. In that connection, he called for the rapid and full implementation of the outcomes of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held in Geneva in October 1997. He noted the concern of the Trade and Development Board at the uncertainty of the short-term prospects of the least developed countries, whose economies were vulnerable to external

shocks, and also noted the trade preference and technical assistance extended to small and weaker economies within the context of South-South cooperation. The South Summit, to be held in Havana in the year 2000, should give impetus to that process.

52. Although 29 of the 41 countries identified as heavily indebted poor countries were least developed countries, the eligibility process under the Heavily Indebted Poor Countries Debt Initiative was so slow that only three would qualify for additional debt relief by the year 2000. In order to ease that situation, the Initiative's eligibility criteria should be made sufficiently flexible to take into account different debt situations and to include all least developed countries truly in need of debt reduction. In that context, the Group of 77 and China welcomed the Secretary-General's proposal that all remaining official bilateral debt of the poorest heavily indebted poor countries should be converted into grants. Private investment was no substitute for official development assistance for very little private investment was going into the least developed countries. In that context, he noted that, according to the Committee for Development Policy, sustained and effective official development assistance would be required for at least 10 years in order to enable the least developed countries to generate sustained growth.

53. In conclusion, he thanked the European Union for its offer to host the Third United Nations Conference on the Least Developed Countries in 2001.

54. **Mr. Manz** (Austria), speaking on behalf of the European Union and the associated countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia and Slovenia, said that poverty continued to be the most serious problem facing the least developed countries. In order to fight poverty by sustaining the current positive economic growth rates, the European Union was focusing on integrating those countries into the global economy. The European Union had established specific mechanisms to ensure that the interests of those countries were taken into consideration, for example in the area of trade. The European Union was the largest single market for goods from least developed countries, and in 1998, the preferential treatment granted to African, Caribbean and Pacific States had been extended to all of the least developed countries.

55. Preferential market access by itself would not bring about effective integration of those economies. That would also require sound domestic policy frameworks and political stability along with efforts to diversify and expand production, strive for regional economic cooperation and create an enabling environment for private entrepreneurship and investment. The European Union was prepared to help by sharing its experience with regard to regional economic integration. It attached great importance to the implementation of the Integrated Framework for Technical Assistance to Support Trade-Related Activities in Least Developed Countries, a good example of broad-based cooperation at the international level. Active follow-up was important, and the European Union stood ready to support country-level programmes that would emerge through the process.

56. Aid was another important element. In that context, the European Union recalled the commitment of donor countries to achieve the target of 0.15 per cent of GNP for official development assistance to the least developed countries. Further underscoring its commitment, the European Union had indicated its willingness to host the Third United Nations Conference on the Least Developed Countries in 2001 and was looking forward to a focused and constructive discussion regarding the modalities for the Conference and its preparatory process.

57. **Mr. Kolby** (Norway) said that the debate at the most recent session of the Trade and Development Board had highlighted the fact that the improved economic performance of the least developed countries had been due to a large extent to their own sound macroeconomic policy reforms, often undertaken under very difficult domestic and external conditions. The international community must do its part to promote economic and social progress in those countries and to make the global economic environment more favourable to their development aspirations.

58. More than the rest of the developing world, the least developed countries relied on development assistance. Therefore, the Norwegian Government was working on a plan to increase its development assistance in the years ahead by placing special emphasis on poverty alleviation, improved delivery of social services, debt reduction and stimulation to the private sector. Within the framework of the Organisation for Economic Cooperation and Development (OECD) Norway was advocating the concept of united assistance to the least developed countries to enhance the effectiveness of official development assistance.

59. Norway had recently launched a comprehensive national debt relief strategy whose most notable feature was unilateral debt reduction on a case-by-case basis, additional to the reductions made under the Heavily Indebted Poor Countries (HIPC) Initiative. Least developed countries who were not members of the WTO should be assisted in their efforts to join, which would put them in a better position to

influence the future of the multilateral trading regime. Technical cooperation in the area of trade must be improved as well.

60. A central feature of globalization was the growing importance of the private sector. Without a dynamic business sector, funds would not be available for much-needed investment in physical infrastructure and the social sector. Innovative public and private partnerships would be needed to create a climate that would attract private investment. To that end, the Norwegian Government was finalizing a strategy for support to private sector development with a primary objective of seeking better cohesion between the activities of multilateral institutions and bilateral development cooperation efforts.

61. Finally, the entire United Nations system must become involved in the preparatory process for the Third United Nations Conference on the Least Developed Countries.

62. **Mr. Blankson** (Nigeria) expressed concern at the fact that the economies of the majority of least developed countries remained vulnerable to the vicissitudes of market forces despite their efforts to implement economic reforms under the Programme of Action for the Least Developed Countries for the 1990s. It was also disheartening to note that the number of least developed countries had increased from 41 in 1990 to 48. That increase was attributable to both internal factors, such as political instability, natural disasters, macroeconomic imbalances and the negative consequences of structural adjustment, and external factors, including a growing debt burden, a declining share in world trade, continuing marginalization and inadequate external financing.

63. It was incumbent on the United Nations to determine how to reverse the decline and the deteriorating socio-economic conditions in the least developed countries. Efforts must be intensified to provide the needed technical assistance and to build and strengthen the efficiency and competitiveness of weak domestic service sectors in the least developed countries.

64. Lastly, donor countries should honour their commitments with regard to official development assistance. Noting that the Heavily Indebted Poor Countries Debt Initiative was the most realistic attempt, thus far, to address the debt burden of the least developed countries, he urged bilateral official creditors to consider the cancellation or substantial reduction of debts.

65. **Mr. Yuan Shaofu** (China) said that, as a development partner, his Government was deeply concerned that the number of least developed countries was growing and that the gap between the developed and developing countries was expanding. It was regrettable that, as the end of the decade approached, the Programme of Action for the Least Developed Countries for the 1990s had not been effectively implemented.

66. The greatest challenge facing international cooperation to assist the least developed countries was the substantial discrepancy between commitments and actions. His delegation called upon the international community to take action to guarantee the full implementation of the Programme of Action. First, the developed countries should strengthen their official development assistance, including both technical and financial assistance, in order to assist least developed countries in capacity-building and infrastructure development. Secondly, international financial institutions and creditor countries should alleviate their debt burden by extending the time limit for debt servicing and reducing the net amount of debt. Thirdly, the trade agreements reached in the Uruguay Round, which were of crucial importance to the least developed countries, should be implemented.

67. His delegation would be following closely the preparations for the Third United Nations Conference on the Least Developed Countries and it hoped that the recommendations and demands of the least developed countries regarding the Conference would be given the greatest possible consideration. All sides must translate their concerns into concrete actions.

68. **Mr. Kasanda** (Zambia) said that despite the recent growth registered in the economies of the least developed countries, which had been attributed to the implementation of economic policy reforms, their share in world output and trade had continued to decline. What was most worrying, however, was the external environment which was rife with uncertainty and instability. His delegation appealed to those development partners which had not honoured their commitments to meet the agreed targets for official development assistance. An increase would go far towards enabling the least developed countries to fight poverty and enter the international economic arena.

69. Debt overhang was also putting pressure on countries which had made great progress in implementing economic reform programmes. The debt burden was an impediment to public investment in physical infrastructure and human resources and was also a deterrent to private investment. His delegation noted with concern that the traditional debt relief mechanism was not adequate to help the least developed countries to exit from the rescheduling process. The Heavily Indebted Poor Countries (HIPC) Initiative was an important

step forward but he joined the many delegations which had expressed concern over the eligibility criteria, the adequacy of debt reduction and the pace at which relief would be granted.

70. The dependence of most of the least developed countries on primary commodities had placed most such countries in an economic bind. The inability to diversify the commodity sector was another major problem, and technical and financial assistance was required to enable the least developed countries to identify and plan diversification strategies. His delegation called for the full implementation of the provisions of the Uruguay Round, especially those relating to agricultural and textile products, in order to enhance market access for their exports. Such action would go a long way towards meeting the commitments on market access envisioned in the Programme of Action for the Least Developed Countries.

71. In conclusion, he reaffirmed his Government's commitment to the latest Declaration of the Ministers of the Least Developed Countries adding that as many of those countries as possible must be involved in the preparatory process for the forthcoming Conference.

The meeting rose at 6.05 p.m.